

# HOW TO DO BUSINESS *WITH* Lockheed Martin Partnerships for Innovation



# Vision

A light gray world map is visible in the background of the text, showing the outlines of continents and countries.

**Lockheed Martin is the Leading  
Aerospace and Global Security Company,  
Solving our Customers' Most Difficult Problems  
Through Our Employees' Innovation,  
Performance and Unmatched Integrity.**

# People

- **98,000 Employees**
- **60,000 Scientists, Engineers and IT Professionals**
- **500+ Facilities Across the US**
- ***And Operating in 70 Countries***



# Customers



- **Departments of**
  - Defense
  - Homeland Security
  - Commerce
  - Energy
  - Health & Human Services
  - Housing & Urban Development
  - Justice
  - State
  - Transportation
- **NASA**
- **Social Security Administration**
- **Environmental Protection Agency**
- **U.S. Postal Service**
- **Intelligence Communities**
- **70 other Governments Worldwide**

***We Never Forget Who We're Working For ®***

# Lockheed Martin Business Areas



## **AERONAUTICS**

- *Tactical Fighters*
- *Tactical /Strategic Airlift*
- *Advanced Development*
- *Global Sustainment*



## **MISSILES and FIRE CONTROL**

- *Air and Missile Defense*
- *Tactical Missiles*
- *Fire Control*
- *Combat Maneuver Systems*



## **ROTARY & MISSION SYSTEMS**

- *Naval Combat Systems*
- *Radar and Surveillance Systems*
- *Aviation Systems*
- *Training and Logistics Solutions*



## **SPACE SYSTEMS**

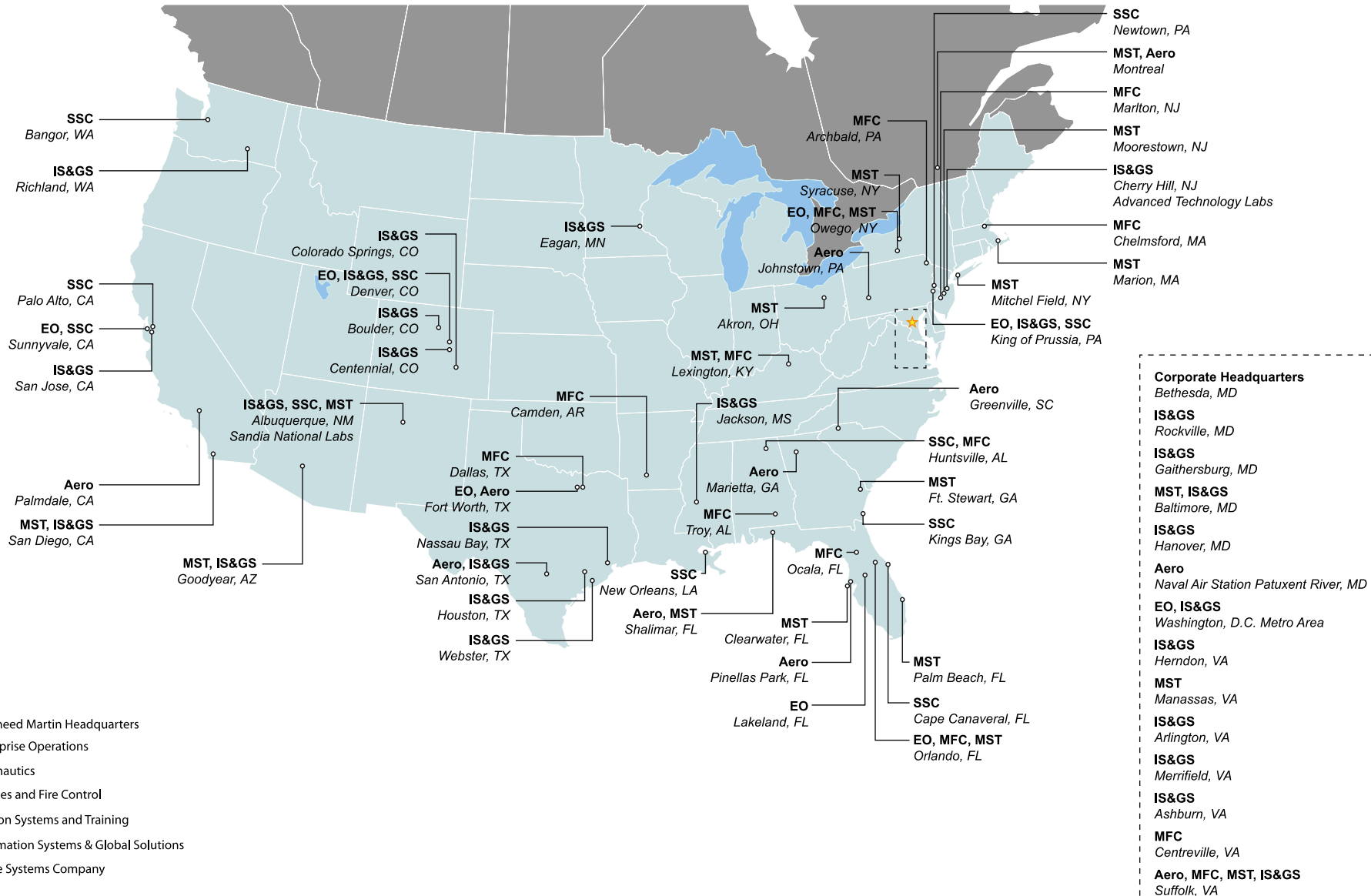
- *Surveillance and Navigation*
- *Global Communications*
- *Human Space Flight*
- *Strategic and Defensive Systems*



## **INFORMATION SYSTEMS & GLOBAL SOLUTIONS**

- *Cyber Security*
- *Information Technology*
- *Strategic / Operational Command & Control Systems*

# US Locations



# Small Businesses – Link to Innovation

- Large Businesses look to small businesses for innovative tools, techniques and solutions
  - Innovative Small Businesses can become strategic partners
- ***Not limited to Products and Technology***
  - Innovated customer service
    - Connect and build direct relationships with customers
  - Understand your customer's issues
    - Opportunity to provide innovated solutions

# Supporting Development of Advanced Technologies



- Understanding the value small businesses bring to developing advanced technologies, Lockheed Martin is a strong supporter of the Small Business Innovation Research Program (SBIR).
- Over 100 Lockheed Martin technologists, business development and procurement specialists are actively involved in the SBIR program and reach out to hundreds of small businesses to partner on projects.
- Endorsed/supported 552 SBIR/STTR proposals and collaborated with almost 250 different small businesses in 2015. In the past three years, Lockheed Martin supported nine SBIR phase III successes.
- *Lockheed Martin's top NAICS Codes spend with small businesses are in technology and manufacturing categories, including: Search, Detection, Other Aircraft Parts, Aircraft Manufacturing, Machine Shops, Nonferrous Die Casting and Engineering Services.*



# Supply Chain Management “Who We Are”



Home → Who We Are

## WHO WE ARE

Leadership

In the Community

Corporate Governance

Sustainability

Diversity and Equal Opportunity

Energy, Environment, Safety and Health

Ethics

Lockheed Martin International

Our History

Social Media

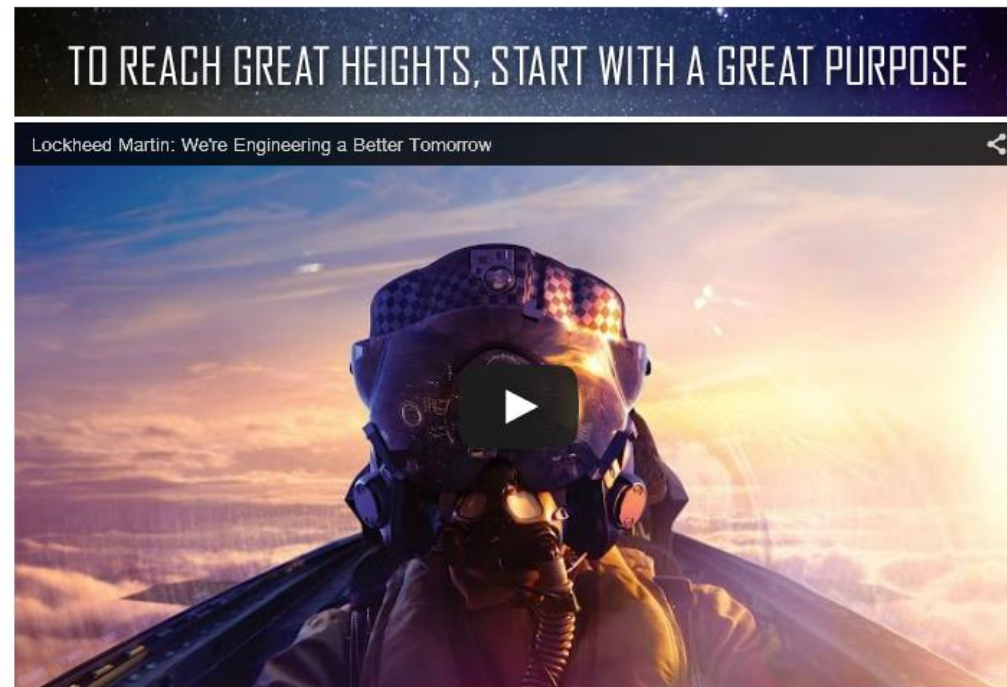
Our Businesses

## Who We Are

Tweet 11

13

Share 51



Headquartered in Bethesda, Md., Lockheed Martin is a global security and aerospace company that employs about 112,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services.

Lockheed Martin is led by [Marilyn A. Hewson](#), Chairman, President and Chief Executive Officer.

# Supply Chain Management Procurement Process

**Two thirds of Lockheed Martin's costs resides in the supply base**

- **Suppliers play a key role in our overall mission success.**
- **Lockheed Martin is responsible for approximately \$18 billion annual dollars**
  - **Production & Non-production suppliers all over the world**

**Activities in Supply Chain Management are driven & regulated by**

- **Federal Acquisition Regulations (FAR)**
- **Defense Federal Acquisition Regulations (DFAR)**

**SCM Process Flow (next slide)**

- **Illustrates a buyer's activity and interaction with other Organizations**
- **All in place to ensure**
  - **Quality parts**
  - **On time delivery**
  - **Compliance to FAR and DFAR**

## ***Operational Support***

### ***Strategies & Tools***

*Ensure effective systems, tools, metrics, strategic sourcing, and workforce development process integration.*

### ***Small Business Office***

*Assists in providing maximum practicable subcontracting opportunities to small businesses of every socio-economic category; manage government semi-annual reporting, review of large business Small Business Subcontracting Plans and Reports*

### ***Price Cost Analysis (PCA)***

*Completes required evaluations of Purchase Orders.*

### ***Contracts & Compliance***

*Terms & Conditions negotiations/compliance to applicable policies, procedures & regulations.*

## ***Buyer/Subcontract Mgr***

*Receives Funding & Procurement Authorization*

*Assess  
Quality Requirements*

*Determine Appropriate  
Terms & Conditions*

*Evaluate Potential Sources*

*Issues Request for Proposal (RFP)*

*Evaluate RFP Responses*

*Select Supplier*

*Issue Contract*

*Monitor Supplier Performance*

*Verify Final Shipment of Product*

### ***Supplier Quality Mgmt\****

*Ensures parts are  
manufactured in accordance  
with specifications.*

## ***Operational Support***

### ***Risk & Opportunity Mgmt***

*Assists in the early  
identification and mitigation  
of risk in the supply chain.*

### ***Technical Subcontract Managers (TSMs)***

*Works with suppliers onsite to  
minimize the disruption to the  
supply chain and optimize  
performance.*

### ***Supplier Management***

*Selection and management of  
strategic sourcing  
partners/commodity suppliers  
to ensure a sustainable,  
affordable source of supply*

### ***Global Delivery System***

*Ensures successful traffic  
management and logistics for  
supply chain.*

***\*Reports to Quality & Mission Success***

# LM Supplier Diversity Program



## Vision:

**To be the world's top corporation in subcontracting with small business concerns in the markets that we compete**

## Mission:

**To ensure that small business concerns of all types are afforded a fair and equitable opportunity to participate in Lockheed Martin's subcontracting process, leveraging that success for competitive advantage**

*Governed by Corporate Policy Signed by the President*



# ***Lockheed Martin's Commitment to Small Business***



***lockheedmartin.com***

- ***Awarded \$4.7 billion total U.S. dollars to small businesses in GFY 2015***
- ***Lockheed Martin actively seeks diverse suppliers***
  - ***Bring agility & new perspectives***
  - ***Provide innovative solutions to complex challenges***

***In the past 5 years Small Business received on average 27% of LM's Subcontracts***



# New Business Realities in a Changing Marketplace

- Customers are requesting increased productivity and savings goals to support their increased resource constraints
- Focus on affordability to enhance performance, reduce costs and deliver optimum value
- Business will never be the same -- there is a new “normal”

*Greater Focus on Supply Chain Efficiency Opportunities*

# Lockheed Martin's Procurement Outlook



- *Opportunities exist, but will be very competitive*
- *Customers expect competition to ensure best value*
- *Concern when engaging new suppliers: RISK*
  - *Financial stability*
  - *Past, relevant performance*
  - *Ability to be viable in the long term*
  - *Security & Integrity*
- *Suppliers need to think globally*

# Qualities We Look for in a New Supplier...



- **Socio-economic status**
- **Past performance with federal customer**
- **Experience with Lockheed Martin or Prime Contractor**
- **Experience in one of our industries**
- **Quality certifications**
- **Security clearances**
- **Location**
- **Technology unique to their company, patented**
- **Differentiating factors**
- **Supplier of needed services**





# How Primes Seek Sources...

- **Resources:**
  - Internal supplier database
  - System for Award Management (SAM)  
([www.sam.gov](http://www.sam.gov))
  - Industry & Affinity Groups ( NMSDC, NaVOBA, etc.)
  - Small Business Events (local, regional, national)

# Supplier Differentiators



- **With thousands of suppliers to consider, what factors are important to Lockheed Martin in selecting one supplier over another?**
  - **Quality program**
  - **IT Security**
  - **Ethics program**
  - **Green or Sustainability program**

# Focus on Quality



## **What do we want in subcontractor quality?**

- On time, every time**
- Zero defects**
- Visibility into status**
- Consistency**
- Fair price**
- Continuous improvement**
- Innovation**

# Certifications



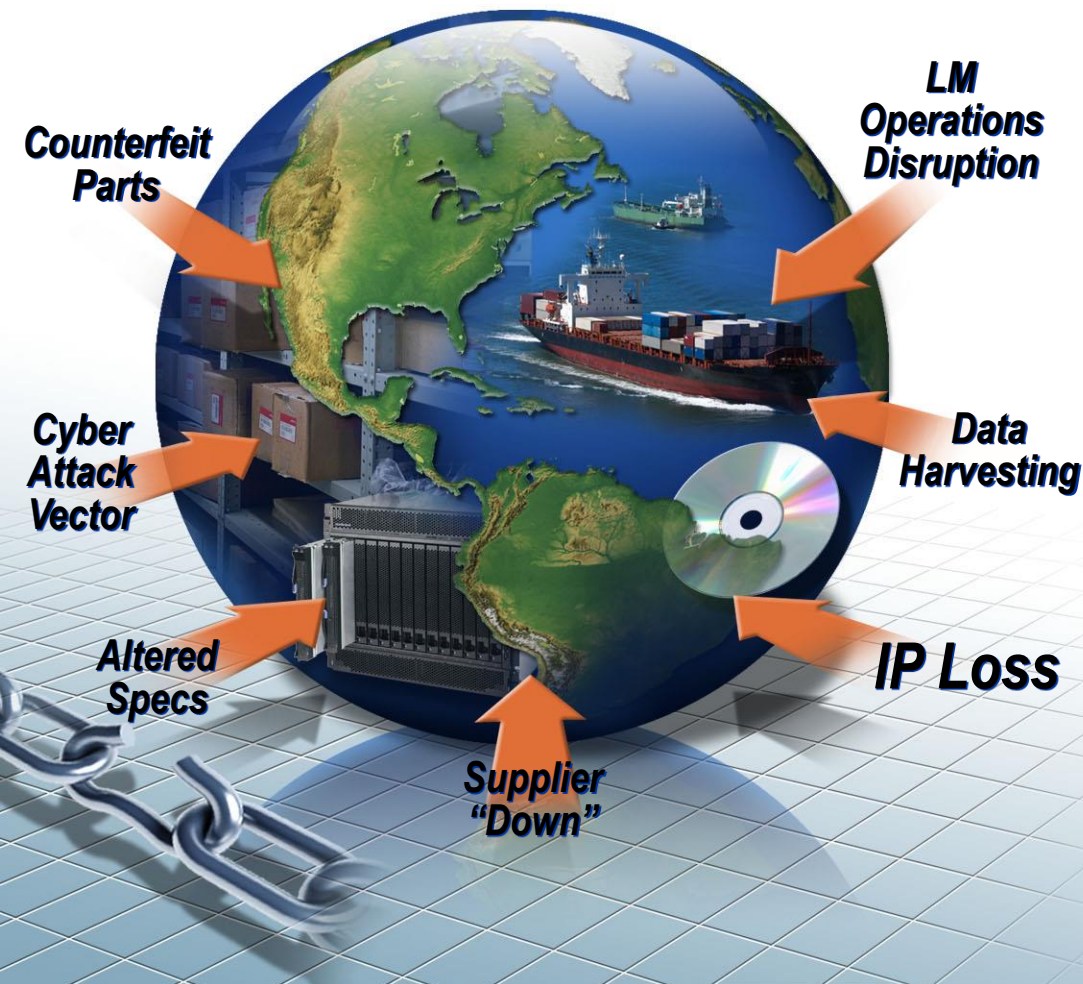
## Multiple types of quality certifications

- **Aerospace Standard (AS91XX)**
  - AS 9100 – Manufacturers
  - AS 9120 – Distributors
- **International Organization for Standardization (ISO)**
  - ISO 9001:2000
- **ISO/International Electro-technical Commission (ISO/IEC)**
  - ISO/IEC 12207
- **Information Technology Infrastructure Library (ITIL)**
  - Global standard in the area of service management
- **Capability Maturity Model Integration (CMMI)**
  - Mature practices, essential elements for effective process integration and continuous improvement

**Holding actual certification more important then saying “Don’t have, but we are compliant to....”**



# A Strong Focus on Supply Chain Security



## Problem Statement

*As Lockheed Martin has Enhanced its Cyber Security Defenses, Threats Have Expanded Across the Entire Supply Base. Supplier Capabilities Vary in Ability to Effectively Address These Threats and Protect Sensitive Program Information.*

## Every Supplier 2FA Secure

*Secure the Information Shared Between Supplier and Lockheed Martin.*

*Cyber Security Threats Expand Across the Entire Supply Base. The Supplier Link Is Critical Because of the Opportunity It Presents to Those With Malicious Intent.*

Visit [www.myexostar.com/lm2fa](http://www.myexostar.com/lm2fa) for a copy of this presentation

# IT Security



- **Per a Help Net Security article, <http://www.net-security.org/secworld.php?id=13225&utm>**
- **36 percent of all targeted attacks (58 per day) during the last six months were directed at businesses with 250 or fewer employees.**
- **There appears to be a direct correlation between the rise in attacks against smaller businesses and a drop in attacks against larger ones. It almost seems attackers are diverting their resources directly from the one group to the other**
- **It may be that your company is not the primary target, but an attacker may use your organization as a stepping-stone to attack another company. You do not want your business to be the weakest link in the supply chain.**
- **The Defense industry has been the targeted industry of choice in the first half of the year, with an average of 7.3 attacks per day.**

# ***Protect Your Company and Our Industry***



- ***Files are often shared and networks accessed by partner companies, opening security vulnerabilities***
- ***We look to all trusted supplier partners to protect the full computing environment by securing their network and systems***
- ***For suppliers with current or potential requirements to share electronic files, an assessment of IT security vulnerability will be conducted***
- ***If you are unsure what is needed to protect our shared environment, ask for guidance***

## **Cyber Security Resources:**

- **SANS (SysAdmin, Audit, Network, Security) Institute: [www.SANS.org](http://www.SANS.org)**
- **Open Web Application Security Project: [www.owasp.org](http://www.owasp.org)**
- **National Institute of Standards and Technology Computer Security Division : <http://csrc.nist.gov/>**
- **International Organization for Standardization: <http://www.iso.org/iso/> search ISO 27001 & 27002**

# **Ethics**



***Lockheed Martin has a strong commitment to ethics***

- ***Strong internal Ethics program***
- ***Live training class to all employees annually***
- ***Employees in procurement roles have additional expectations to decline gifts. Don't offer more than a token logo item.***

***Lockheed Martin's Vision:***

***Lockheed Martin is the leading aerospace and global security company, solving our customers' most difficult problems through our employees' innovation, performance and unmatched integrity.***

***Values:***

***Do What's Right***

***Respect Others***

***Perform With Excellence***



# Seek Strategic Partnerships

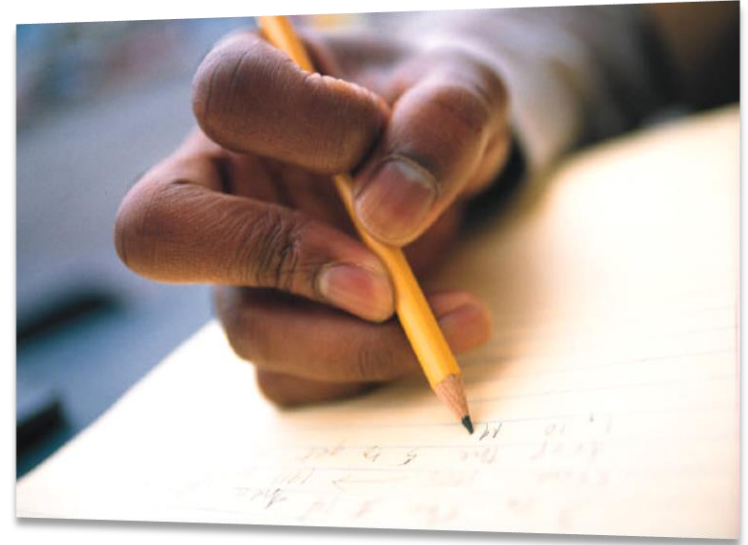


- **Value-added small business partners at same pricing as large business**
- **Small-Small & Small-Large businesses teaming for competitiveness**
- **Small as prime with large as subcontractor in restricted competitions**
- **Participate in Government Outreach Programs**

# Business Matchmaking Prep



- Study our website and our programs: [www.lockheedmartin.com](http://www.lockheedmartin.com)
- Market Your firm - See link under “Suppliers” tab entitled “Doing Business with Lockheed Martin”
- *Identify a few target businesses or programs*
- *Send questions to: [supplier.communications@lmco.com](mailto:supplier.communications@lmco.com)*







# Following up after Business Matchmaking

- Lockheed Martin has a committed diverse small business base, but sources will change for sound business reasons
  - Major Consideration: **RISK!**
    - Past Performance
    - Time in Business
    - Financials
- Average time from initial contact to first contract : 24-30 months

# Business Card Recommendations

- **FRONT OF CARD**

- Supplier Name
- Address
- Email
- Web Address
- Phone number
- Socio-economic status
- Key descriptive words

- **BACK OF CARD**

- NAICS/descriptions
- DUNS & CAGE Code



# Creating an Effective Capability Statement

- Critical Tool to your success
- Should be brief (only 1 or 2 pages)
- Concise
- Include information important to customer
  - Core Competencies
  - Differentiators
  - Size Classification
  - Certifications
  - Past Performance
  - Current Customers
  - DUNS
  - Contact Information
- Include Brand and Logo
- Distribute as a PDF

# Creating an Effective Capability Statement

## Company Data

ABC Company is a SDVOSB Third Part Logistics provider with over \$4.3 million in annual revenue and nearly 100 employees worldwide.

DUNS:  
CAGE:  
NAICS Codes:

A Service Disabled Veteran Owned Certified Small Business

## CONTACT INFORMATION

Name  
Title  
Phone  
email

LOGO

ABC Company – Excellent in Logistics

Address

Tel

Cell

Website

## CAPABILITY STATEMENT

Capabilities

Differentiators

Past Performance

Certifications

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# Have Financials Ready



- ***Prime contractors will conduct financial review due diligence***
- ***Recommendations:***
  - ***Have your financial information organized (We will check your D&B ratings before recommending you.)***
  - ***If there are notable concerns, call and explain the situation***



# When You Get a RFQ...

- **Be Responsive**
- **Read and understand every element of request:**
  - **Terms & Conditions**
  - **Quality & Delivery Requirements**
  - **etc...**
- **Ask for clarification or an extension if necessary**
- **Submit no-bid response if you choose not to compete**
- **Always return calls promptly**
- **Perform: 100% Quality and Delivery**



# Resources and Tools



OPENING DOORS TO OPPORTUNITY AND INNOVATION



#### Get Connected

Attend a webinar, chat with Lockheed Martin representatives, seek proposal partners and more. [LEARN MORE.](#)



#### Doorway to Innovation

Share an innovation or partner with us on a Small Business Innovation Research Program project. [READ MORE.](#)



#### Who's Knocking

When we say 'Who's Knocking' we mean diverse suppliers who deliver high quality and innovative solutions. [READ MORE.](#)

## 1. Go to Supplier Wire:

**<http://www.lockheedmartin.com/supplierwire>**

## 2. Select “Get Connected”

## 3. Under Chat Live section, click “Enter a Chat Live session” link during scheduled time

# Summary



- **Get it right the first time and every time**
- **Pursue relevant quality certifications**
- **Document successes**
- **Embrace changing A&D environment**
- **Innovate to address affordability & production challenges**
- **Look for strategic partnership opportunities**
- **Master your approach**
- **What is your “X” factor**
- **Perform**

